

**From:** Munro, Paul <Paul.Munro@cchl.co.nz>  
**Sent:** Thursday, 15 March 2018 4:21 p.m.  
**To:** Mailroom Mailbox  
**Cc:** Halstead, Noeline; jeremy@seamountnz.com  
**Subject:** LTP SUBMISSION  
**Attachments:** ECan - FINAL CCHL submission on ECan LTP.pdf

Hi

Please find attached a submission from CCHL in relation to the draft ECan LTP.

As set out in our submission, we request the opportunity for our CEO, Paul Munro, to make an oral submission to Councillors in support of this written submission. Please contact Noeline Halstead at CCHL (941 8475 or noeline.halstead@cchl.co.nz) to arrange a suitable date and time during the hearings period for this oral submission.

Kind regards, Paul



**Paul Munro**  
*Chief Executive*

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Thank you

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15 March 2014

Environment Canterbury  
Re - Long Term Plan Consultation Feedback

Via email – [mailroom@ecan.govt.nz](mailto:mailroom@ecan.govt.nz) (Subject: LTP SUBMISSION)

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[www.cchl.co.nz](http://www.cchl.co.nz)

Dear Environment Canterbury

### **Introduction**

Thank you for the opportunity to provide feedback on the draft Environment Canterbury (“ECan”) Long Term Plan 2018-2028 (“LTP”). The focus of this Christchurch City Holdings Limited (“CCHL”) submission is on the public transport proposals. CCHL is the 100% shareholder of Red Bus Limited (“Red Bus”). Red Bus operates five of the six public transport routes that ECan propose to discontinue.

### **Specific Feedback**

Christchurch needs a futureproofed, innovative and best practice public transport system. This is critical to our success as a city. An ad-hoc approach to transport planning will see us ending up with Auckland’s grid lock as the city continues to grow.

Public transport represents the majority of ECan’s total budget but appears to receive little attention in the current LTP. It is not included as one of ECan’s “Priorities” (refer page 4 of the consultation document). This omission is of significant concern to CCHL and it manifests itself in the proposals being put forward to discontinue six existing public transport routes.

The recommendations in the LTP appears to be in complete isolation to the Regional Public Transport Plan (“RPTP”) process (which we understand is planned for late 2018). While we understand the LTP legislative requirements and timeframes, it is of concern to us that the three options put forward by ECan are far from being in the best interests of developing best practice public transport as they all contemplate discontinuing six existing routes. If executed, these plans could cause significant harm to the reputation of the public transport network by users (both current and prospective).

The three options put forward are models of service reduction and user pay cost increases. This directly contradicts the long-term community desire and economic need for an effective and efficient public transport service.

We acknowledge the current funding challenges but submit that to further cut services prior to developing the RPTP shows potential intent to not invest or commit to best practice public transport, a critical component of a successful integrated transport network.

### **NZTA Funding**

We understand that ECan sought ‘bridging funding’ from NZTA to support the continuation of the six routes in question prior to including the route discontinuation proposals in the LTP. We understand that NZTA were unwilling to provide the ‘bridging funding’ sought, to at least allow the services to



continue until the RPTP has been developed. This is a disappointing outcome, particularly as it seems to conflict with recent public statements from the Minister of Transport indicating interest in Central Government increasing public transport subsidies to councils.

### **Potential Impact on Red Bus**

The immediate future impact of discontinuing five of the routes currently operated by Red Bus is extremely significant. If executed by ECan, CCHL, as the shareholder of Red Bus, will need to closely examine the future financial viability of Red Bus as an operator of commercial public transport services. This could ultimately lead to Red Bus withdrawing from this market, which effectively eliminates the competitive operator market. This could put ECan in a potentially vulnerable future position as an effective price taker from the only remaining operator in the market.

### **Public Transport Models**

For some time, CCHL has had concern about the public transport model which is enshrined in legislation in this country because it fragments the delivery of public transport between differing modes of transport and splits the responsibility for the planning and delivery elements of the supply chain amongst Regional Councils, City/District Councils and various operators.

The current model was developed in an era when competitive tendering was expected to be the solution. While the theory appears sound, the system lacks cohesiveness with the policy making divorced from the commercial dynamics of business reality.

Several years ago, CCHL commissioned consultants to research good models of urban transport around the world and the administrative structures which supported those models. The general findings from this work were that international cities with quality urban transport do not follow a system like New Zealand's. These cities almost always have a standalone agency dedicated to both planning and delivery of all urban transport.

Transport planning must be undertaken holistically. The current model is flawed with various entities responsible for delivery of the strategy for different parts of the transport network.

The current public transport model in Christchurch which ECan administer has proven to be ineffective in maintaining service quality and incentivising innovation, to the detriment of operators like Red Bus who price their tenders on a realistic and sustainable basis.

The gross contract model adopted by ECan gives public transport operators no incentive to improve their performance under these contracts as the operators receive fixed returns, regardless of service levels or patronage. This simply encourages operators to cut costs to improve financial performance rather than to encourage patronage growth through improved service levels. Gross contracts provide operators no incentive to invest in new assets and services for patronage growth. This seems to conflict with publicly stated Government objectives and as noted it conflicts with international best practice.



## Conclusion

In conclusion, it is our submission that for Christchurch, as New Zealand's second largest city, to be a vibrant and forward looking city, it needs a future focused, innovative and best practice public transport system. The draft ECan LTP will not deliver this. We therefore request that ECan does not implement the proposal to discontinue the six public transport routes as set out in the ECan draft LTP.

We would recommend that ECan, through the Greater Christchurch Public Transport Joint Committee, accelerate the RPTP process, and in the meantime ECan should continue to fund all existing public transport contracts (with or without NZTA support).

We request the opportunity for our CEO, Paul Munro, to make an oral submission to Councillors in support of this written submission. Please contact Noeline Halstead at CCHL (941 8475 or [noeline.halstead@cchl.co.nz](mailto:noeline.halstead@cchl.co.nz)) to arrange a suitable date and time during the hearings period for this oral submission.

Yours sincerely,

A handwritten signature in blue ink, appearing to read 'J. Smith'.

Jeremy Smith  
**Chair**

Cc NZTA, c/- Jim Harland, Regional Relationships South Island Director  
Cc Minister of Transport – Hon. Phil Twyford.